

TABLE 2.4: Factors Affecting Productivity

FACTORS	EXAMPLES
Product	Poor product designs, lack of product standardization to achieve economies of scale, and poor quality standards will decrease productivity.
Process	The ability of a process to produce a large volume enhances productivity. A more subtle factor is the quality of the production process and methods used to produce the product.
Human Resources	A lack of education, skill levels, training, or challenging work can negatively affect the labor productivity of a firm's employees.
Management	Better planning, coordinating, scheduling, and controlling of activities will increase productivity. A participatory style of leadership can motivate workers to be more productive.
Technology	Use of state-of-the-art technology such as computer-aided design (CAD) and computer-aided manufacturing (CAM) can increase productivity by reducing wasted materials and time.
Capital	Good facilities, efficient plant layouts, and choosing the right machines and equipment can improve productivity.
Environment	Legislative and regulatory laws, climate and weather-related conditions, and the social environment can affect productivity. For example, strict product standards mandated by federal agencies such as the U.S. Food and Drug Administration (FDA) and EPA can lower productivity.
Geographic and Cultural	For companies operating abroad, language differences, the work culture, and additional holidays can decrease productivity.